



Information Partners Can Use on:

PEOPLE WITH MEDICARE AND HIV/AIDS

New Medicare Prescription Drug Coverage

As of August 16, 2005

If you have Medicare and have HIV/AIDS, you need to know

1. Starting January 1, 2006, Medicare prescription drug coverage becomes available to everyone with Medicare.
2. If you have both Medicaid and Medicare, then Medicare will help pay for your prescription drugs starting January 1, 2006. Your Medicaid drug coverage ends on December 31, 2005.
3. You may qualify for extra help paying for your Medicare prescription drug costs.
4. All Medicare drug plans will cover all antiretroviral medications.
5. Even if you don't qualify for extra help, you should join a Medicare drug plan by May 15, 2006, to pay lower premiums.

1. What is a Medicare drug plan?

Medicare prescription drug coverage becomes available to everyone with Medicare starting January 1, 2006. Medicare drug plans provide insurance coverage for prescription drugs. These plans will be offered by insurance companies and other private companies. Plans will cover both generic and brand-name prescription drugs. You can choose and join the plan that meets your needs. There are two types of Medicare drug plans. There will be Medicare Prescription Drug Plans that add coverage to the Original Medicare Plan.

There will also be prescription drug coverage that is part of Medicare Advantage Plans (like HMOs and PPOs) and other Medicare Health Plans. You would get all of your Medicare health care through these plans.

People with Medicare with HIV/AIDS can benefit substantially from Medicare's new drug coverage. Medicare will cover about 50% of the drug bill for the average person and even more, 96%, for those with

limited incomes and resources. For most people, joining now means you will pay a lower monthly premium in the future since you may have to pay a penalty if you choose to join later.

2. If you have both Medicaid and Medicare, what happens to your drug coverage?

If you have both Medicaid and Medicare, then starting January 1, 2006, Medicare will help pay for your drugs. Medicaid drug coverage ends for people with Medicare on December 31, 2005. To make sure that you don't lose a day of coverage, Medicare will automatically enroll you in a Medicare drug plan if you don't join one on your own. You will get a notice in the mail in October which tells you more about the drug plan you will be enrolled in and how you can choose a different plan if you wish. You can join a Medicare drug plan starting November 15, 2005.

If you have Medicare and Medicaid, you automatically qualify for extra help paying your Medicare drug plan costs. You will have no or low copayments when you join a Medicare drug plan:

- You will have no copayments if you live in an institution such as a nursing home.
- You will have copayments of up to \$1 for generic drugs and up to \$3 for brand name drugs if you have a yearly income at or below \$9,570 (\$12,830 for married couples living together).*
- You will have copayments of up to \$2 for generic drugs and up to \$5 for brand name drugs if you have a yearly income above \$9,570 (\$12,830 for married couples living together).*

* Income levels are for 2005 and can increase each year. If you live in Alaska or Hawaii, or pay more than half of the living expenses of dependent family members,

income limits are higher. Your cost per prescription decreases to \$0 once the amount you pay and Medicare pays as extra help reach \$3,600 per year.

3. Do you qualify for extra help paying prescription drug costs?

You may qualify for extra help if you have limited income and resources. If you get Medicaid, belong to a Medicare Savings Program (such as QMB, SLMB, or QI), or get Supplement Security Income (SSI) benefits, you automatically qualify for extra help and don't need to apply. Others with limited incomes and resources need to apply:

What are the income limits?

If your annual income is below \$14,355 (or \$19,245 if you are married and living with your spouse), you may qualify. These amounts may be higher if

- you provide at least half of the support of other relatives living in your household or
- you reside in Alaska or Hawaii, or
- you are working

There are also income exclusions for the working blind and disabled.

What are the resource limits?

To get the extra help with Medicare drug plan costs, your countable resources generally must be valued below \$11,500 (or \$23,000 for married couples living together). The resource limits include \$1,500 per person for burial expenses. Resources include the value of things you own. Some examples of countable resources are

- real estate (other than your primary residence)
- bank accounts, including checking, savings and certificates of deposit
- stocks
- bonds, including U.S. Savings Bonds
- IRAs
- mutual funds
- cash at home, or anywhere else

Some things are not counted as resources, such as

- your primary residence
- your vehicle(s)
- your household goods and personal possessions resources you could not easily convert to cash, such as farm machinery and livestock, jewelry and home furnishings

- federal income tax refunds
- property you need for self-support such as rental property, or land you use to grow produce for home consumption
- life insurance policies owned by an individual with a combined face value of \$1,500 or less. An individual and spouse could have a total of \$3,000.

Starting the end of May and through August 16, 2005, the Social Security Administration (SSA) is sending people with certain incomes an application for extra help paying for Medicare prescription drug coverage. If you think you may qualify, fill out the application and return it in the postage paid envelope. If you don't get an application in the mail, but think you may qualify, you can request one by calling SSA at 1-800-772-1213. Beginning July 1, 2005, you can go to www.socialsecurity.gov on the web to apply online. After you apply, you will get a notice in the mail that tells you if you qualify for extra help. If you live in the territories, each territory will design its own program for providing extra help to their residents with limited income and resources.

If you qualify for extra help

- you need to join a Medicare drug plan in your area that meets your drug needs. You can enroll in a plan beginning November 15, 2005. If you don't choose and enroll in a plan by May 15, 2006, Medicare will enroll you in a plan so you don't miss out on this important coverage.

If you don't qualify for extra help

- you can still join a Medicare drug plan that meets your drug needs. You will have to pay a monthly premium (generally around \$32 per month in 2006), the deductible, and copayments. You can enroll in a plan beginning November 15, 2005.
- if you don't currently have prescription drug coverage that is at least as good as standard Medicare prescription drug coverage, you should enroll in a Medicare drug plan by May 15, 2006, to avoid paying a penalty.

Your future opportunities to enroll may be limited to November 15–December 31 of each year. The penalty is that your premium cost will go up at least 1% per month for every month that you wait to enroll. You will have to pay this penalty for as long as you have Medicare prescription drug coverage.

4. Questions and answers for people on Medicare with HIV/AIDS

Access to drugs

Question: Can I get the prescription drugs I need?

Answer: Yes, all Medicare drug plans will be required to cover all anti-retroviral drugs. This includes single chemical entities as well as combination products.

Question: What happens if a drug I need is not on my plan's list of covered drugs (formulary)? What happens if my drug is "nonpreferred" and has a higher co-pay?

Answer: Medicare drug plans may restrict their list of covered drugs and use other tools to manage drug utilization to keep the cost of drug coverage affordable. If any of these tools interfere with your ability to get the drugs that you need, then you should first talk with your doctor about which drugs are best for you and then contact your drug plan and, if need be, request an exception. If your doctor determines that the preferred drug(s) on the plan's drug list for treatment of your condition wouldn't be as effective as the non-preferred drug or would have an adverse effect on you, or both, the plan will have a process for granting an exception.

Bottom line: you can get the drugs you need to take care of your medical conditions, including drugs you need for HIV/AIDS.

Question: How long does the plan have to grant my exception?

Answer: Medicare drug plans are required to make decisions as rapidly as your medical condition requires. Upon request, there is an expedited process for urgent situations.

AIDS Drug Assistance Programs (ADAP)

Question: What if I get help from ADAP? How does my ADAP coverage work with Medicare? Should I sign up for a Medicare drug plan?

Answer: Yes, you should sign up for a Medicare drug plan. ADAP's are the payer-of-last-resort for HIV drugs. Therefore, ADAPs will require you to sign up for a Medicare drug plan to get ADAP benefits. ADAP programs vary by state, so you should contact your ADAP to learn how it will coordinate with Medicare's prescription drug coverage. ADAPs only cover

HIV/AIDS related medications—not all the drugs you may need—so it is not as good as Medicare coverage. If you don't have drug coverage at least as good as Medicare prescription drug coverage and delay joining a Medicare drug plan, you will have to pay a higher premium later.

Question: Since the new Medicare prescription drug coverage is voluntary, can I not join a Medicare drug plan and remain on ADAP ?

Answer: No. ADAP is the payer of last resort for HIV medications. So, even though participation in Medicare's prescription drug plan is voluntary, ADAPs must require Medicare beneficiaries to join a Medicare drug plan in order to receive ADAP benefits. However, ADAPs can cover Medicare drug plan premiums, deductibles, coinsurance and copays to help you with your prescription drug costs. ADAPs have flexibility in this, so check with your ADAP to see how they will coordinate with Medicare prescription drug coverage. Most people with Medicare with HIV/AIDS will qualify for extra help in paying for the Medicare drug plan, and choosing to enroll will cover medications you need that are not covered by ADAP. If you do not join a Medicare drug plan by May 15, 2006 and decide to join later, you will have to pay a higher premium if you did not have other comparable drug coverage.

Copayments

Question: If I am getting Medicare's extra help, will I have to pay one or three copayments for a 90-day supply of covered drugs I get at a mail-order or retail pharmacy? Will my drug plan decide what I pay?

Answer: No, this is not an option for plans to decide. Medicare requires drug plans to apply one copayment to each pharmacy transaction if you get extra help regardless of whether the supply of drugs is for 30, 60, or 90 days.

For more information about Medicare prescription drug coverage...

Read the "Medicare & You 2006" handbook you get in the mail in October 2005. It will include more detailed information about Medicare prescription drug plans, including which plans will be available in your area. After that time, if you need help choosing a Medicare prescription drug plan that meets your needs, you can

- Visit www.medicare.gov on the web and select "search tools" to get personalized information.
- Call your State Health Insurance Assistance Program (SHIP). (See your copy of the "Medicare & You 2006" handbook for their telephone number) You can also call 1-800-MEDICARE (1-800-633-4227), or look at www.medicare.gov on the web to get their telephone number. TTY users should call 1-877-486-2048.
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For more information about AIDS Drug Assistance Programs...

- Visit www.hab.hrsa.gov/programs/t2roster.htm to find the contact information for your state ADAP.

There are programs for people with limited income and resources who live in Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa. Programs vary in these areas. To find out more about their rules, call your State Medical Assistance Office, visit www.medicare.gov on the web or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.